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MEMORANDUM

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TO: Docket Control
Arizona Corporation Commission

FROM: *Indicated for*
Barbara Wytaske
Assistant Director
Utilities Division

DATE: November 1, 2000

RE: CAP WATER UTILIZATION PLAN FOR
SUN CITY WATER COMPANY, W-01656A-98-0577 &
SUN CITY WEST UTILITIES COMPANY, WS-02334A-98-0577
DECISION NO. 62293

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*JS*AZ CORP COMMISSION
DOCUMENT CONTROLDISCUSSION

The Sun City companies, through Citizens Utilities Company (Citizens), were approved for the concept of the Groundwater Savings Project in Decision No. 62293, dated February 1, 2000. In that Decision, it was ordered,

"[t]hat Citizens Utilities Company shall file the results of the completion of the preliminary design/updated cost estimate within six months of the effective date of this Decision including: a) the feasibility of a joint facility with the Aqua Fria Division including the timeframe for any such joint facility; b) the need for all major elements of its proposed plan (e.g., storage and booster stations); and c) binding commitments from golf courses, public and private, and the terms and conditions related thereto."

On August 1, 2000, Citizens filed its Preliminary Engineering Report. In a Procedural Order, dated August 18, 2000, the Commission's Utilities Division, as well as the remaining parties, were given until November 1, 2000, to file any comments/objections/recommendations regarding the preliminary design/updated cost estimates. This Procedural Order also gave all parties until November 1, 2000, or 15 days after Citizens' filing of the binding agreements, whichever comes later, to submit any comments/objections/recommendations regarding the binding agreements.

Preliminary Engineering Report

The Preliminary Engineering Report titled, "Sun City/Sun City West/Youngtown Groundwater Savings Project" was produced by HDR Engineering, Inc. This report had a Technical Appendix that included:

1. Technical Advisory Committee's meeting minutes and notes.
2. Raw water data from golf course investigations.
3. CAP water operating procedures and aqueduct maps.
4. Cybernet hydraulic calculations.
5. Right-of-way reports and property ownership.
6. Geotechnical report.
7. Cost elements and development, and
8. Environmental and cultural research.

and the main Engineering Report that included:

Part A – Report Overview

Part B – Golf Course Assessments and Operating Parameters

Part C – Feasibility of a Joint Transmission Facility with the Aqua Fria Division

Part D – Analysis of Major Elements of the Groundwater Savings Project

Part E – Recommended Plan

COMMENTS

Staff has reviewed the Preliminary Engineering Report and its recommended plan for the Groundwater Savings Project (GSP). The pertinent items of the Report and plan are summarized as follows:

1. The GSP's original cost estimate presented to the CAP Task Force was \$14,993,000. The updated cost estimate reported was \$15,036,691, an increase of \$43,691 or 0.29%.
2. The GSP's original operation and maintenance (O&M) cost estimate presented to the CAP Task Force was \$187,000, and when converted to present worth for comparison purposes, becomes \$3,062,257. The updated O&M cost estimate reported as present worth was \$1,424,238, a decrease of \$1,638,019 or negative 53.49%.
3. The feasibility of a joint facility with the Agua Fria Division was reported at \$17,073,936 for construction cost and \$2,564,428 for O&M cost. Other joint facilities reported were 1) with the Agua Fria Division and the City of Surprise at \$16,615,028 with O&M cost at \$2,535,414 and 2) with City of Surprise at \$17,250,713 with O&M cost at \$2,569,828.
4. The GSP's recommended plan does not include construction or O&M costs for storage and booster pump station facilities since these facilities were not required.

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Based on its review, it is Staff's opinion that the Preliminary Engineering Report and its recommended plan for the Groundwater Savings Project and the associated costs are reasonable.

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cc: Claudio Fernandez
Engineering file